



Norman H. Bangerter
Governor

Dee C. Hansen
Executive Director

Dianne R. Nielson, Ph.D.
Division Director

State of Utah

DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS AND MINING

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340

*pulled
from
bond file
to corresp
march '98*

June 7, 1990

TO: Board of Oil, Gas and Mining

THRU: Dianne R. Nielson, Director *[Signature]*

THRU: Lowell P. Braxton, Associate Director, Mining *[Signature]*

FROM: D. Wayne Hedberg, Permit Supervisor *HWS for DWH*

RE: Request for Board Concurrence, Amount and Form of Revised
Reclamation Surety, Sunrise Waste Rock Dump & Dump Leach Area #3
Permit Revision, Barrick Mercur Gold Mine, M/045/017-88(1), Tooele
County, Utah

The Division seeks the Board's concurrence on the amount and form of replacement reclamation surety as proposed by Barrick Resources (USA), Inc. for the above referenced permit revision to their approved mining and reclamation plan for the Mercur Gold Mine. Attached is an Executive Summary describing the permit revision, a revised reclamation estimate, a new Reclamation Contract (FORM MR-RC) Agreement, a Self-bonding and Indemnity Agreement, a self-bonding qualification sheet, and a DOGM auditor's evaluation of Barrick's financial strength audited report. It is the Division's recommendation that the Board consider the suggestions provided by Mr. Schneider regarding acceptance of the Self Bonding and Indemnity Agreement.

The Division issued a tentative approval for this permit revision on May 21, 1990. The 30-day public comment period will expire on or about June 25, 1990. The Division expects to have all of the tentative approval conditions resolved prior to issuance of our final approval for this revision. Thank you for your time and consideration of this matter.

jb
Attachments
WMN2/25

DOGM MINERALS PROGRAM

Check list for Board Approval of FORM AND AMOUNT OF SURETY

Mine Name Barrick Mercur Mine

File No. M/045/017-88(1)

Sunrise Waste Rock Dump and Leach Area #3 Permit Revision

Item	Provided		Remarks
	Yes	No	
Executive Summary	X		
Location Map	X		
Reclamation Bond Estimate	X		
Signed Reclamation Contract	X		
Signed Power of Attorney/ Affidavit of Qualification		X	
Bond	X		Self-bonding & Indemnity Agree- ment
Surety Signoff (Other State/Federal Agencies)		X	Seeking BLM signature via Form MR-JASA
Self-bonding Qualification Sheet	X		
Oil & Gas Auditor's Evaluation of Corporate Financial Strength	X		
Public Notice of Tentative Approval	X		
Tentative Approval Letter	X		

jb
WMNcklst/5

EXECUTIVE SUMMARY

Mine Name: Mercur Mine Expansion

I.D. No: M/045/017-88(1)

Operator: Barrick Resources (USA)
P. O. Box 51
Tooele, Utah 84074

County: Tooele
New/Existing: Existing
Mineral Ownership: Fed/State/Private
Surface Ownership: Fed/State/Private
Lease No.(s): _____

Telephone: (801) 268-4447

Contact Person: Glenn Eurick

Permit Term: Life of Mine

Life of Mine: 20 years (??)

Legal Description: Portions of Sections 4, 5, 6, 7 and 9 of Township 6 South, Range 3 West and portions of Sections 31, 32 and 33 of Township 5 South, Range 3 West, SLBM, Tooele County, Utah

Mineral(s) to be Mined: Gold ore

Mining Methods: Open pit mining and dump leaching operations

Acres to be Disturbed: 404 additional acres (under this permit revision)

Present Land Use: Wildlife habitat, recreational, grazing, mining

Postmining Land Use: Same

Variances from Reclamation Standards (Rule R613) Granted: None requested at this time

Soils and Geology:

Soil Description: 6 principal soils series: Accord Variant clay loam; Ant Flat Variant loam; Bezzant Variant loamy clay; Manila Variant loamy clay; St. Marys Variant soil; Toehead Variant soil; and Mined Land and the Slickens mapping units

pH: varies from 6.9 - 8.2

Special Handling Problems: Moderate erosion hazard; on relatively steep topography. A down slope recovery method of topsoil removal will be used

Geology Description: Mercur district located east flank northwesterly trending anticlinal structure, south end Oquirrh Mountains. Marine carbonate sediments are host to hydrothermal gold mineralization. Host rocks are Mississippian age, thin bedded, silty, carbonaceous, bioclastic, wackestones and packstones, silty carbonaceous mudstones and calcareous siltstones and finegrain sandstones overlain by silty, carbonaceous shales. Great Blue Limestone, Manning Shale, fanglomerate, terrace deposits, debris flow, colluvium and alluvium (oldest to youngest units).

Hydrology:

Ground Water Description: No significant aquifers encountered during the extensive exploratory drilling, minor amounts perched water expected to seep into pits (shale aquicludes). Some limited entrapped surface waters may be intercepted if abandoned underground workings are intercepted. Attempts to develop groundwater source for operations have failed. Secondary permeability of limestones quite variable depending on local fracture frequency. Increased recharge to exposed rocks in pit bottom expected from runoff.

Surface Water Description: Headwaters of Mercur Canyon is principally an ephemeral drainage. Precipitation values typically low and high evapotranspiration rates. Runoff from Mercur Canyon generally low due to high infiltration into alluvial slopes at canyon mouth. Limited H2O quality and flow data available. TDS averages 500 mg/l, TSS exceeds several thousand mg/l.

Water Monitoring Plan: A groundwater monitoring plan and permit will be approved by the Division of Environmental Health to monitor potential impacts to the local groundwater regime from the cyanide dump leach area #3. Current monitoring of tailings pond H2O quality will also continue. Surface H2O drainage control structures: diversions, sediment ponds, berms, culverts, dams and impoundments will be used to minimize offsite impacts to hydrologic regime.

Ecology:

Vegetation Type(s); Dominant Species: 3 major vegetative communities: Pinyon-Juniper Woodland; Mixed Brush (gambel oak, Utah serviceberry, Mtn. mahogany and big sagebrush); Bottomland-Disturbed (rabbitbrush, big sage, russian thistle, pepperweed, nettles, forbs and grasses.

Percent Surrounding Vegetative Cover: P-J Woodland (20%), Mixed Brush (69%), Bottomland-Disturbed (77.5%) based on 1985 transects.

Wildlife Concerns: The operator has developed a Wildlife Mitigation Plan to address displaced animals and to minimize potential losses due to operations (plan on file).

Surface Facilities: Proposed expansion areas include the existing Sacramento, Marion Hill and Golden Gate pits, the existing waste dump areas, the new Sunrise dump area, topsoil storage sites, new haul and access roads, and Dump Leach Area #3, with associated processing facilities. The existing mill, tailings pond and dump leach pads will be utilized in the mine expansion.

Mining and Reclamation Plan Summary: See attached summary (Notice of Tentative Approval)

Page 3
Executive Summary
Barrick Mercur Mine Expansion
M/045/017-88(1)

Surety:

Amount: \$8,808,891

Form: Self bonding and Indemnity Agreement

Renewable Term: 10 years (1999 dollars)

WMN/8-10

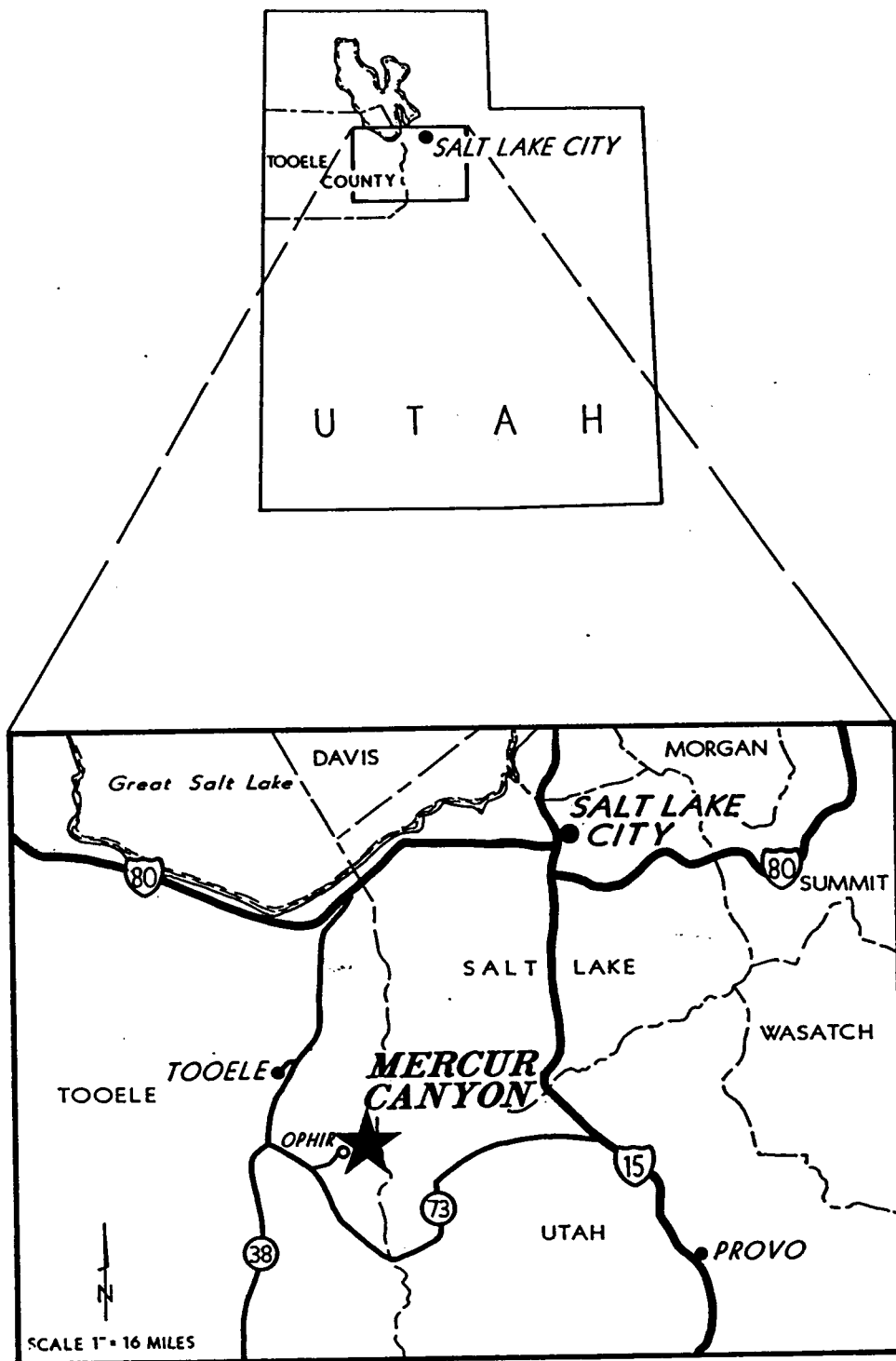


FIGURE 1.0-1 LOCATION MAP

FORM MR-RC
Revised May 30, 1990
RECLAMATION CONTRACT

DOGMA
MINERALS PROGRAM
FILE COPY

File Number M/045/017

Effective Date AUG. 16/90

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION of OIL, GAS and MINING
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
(801) 538-5340

*Replaced
Feb 2, 1998 -
Original returned
to operator.*

RECLAMATION CONTRACT
---ooOoo---

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.)	<u>M/045/017</u>
(Mineral Mined)	<u>Gold</u>
"MINE LOCATION":	
(Name of Mine)	<u>Mercur</u>
(Description)	<u>Mercur Canyon Road</u>
	<u>Mercur Canyon</u>
	<u>Tooele County, Utah</u>
"DISTURBED AREA":	
(Disturbed Acres)	<u>1719</u>
(Legal Description)	<u>Exhibit A</u>
"OPERATOR":	
(Company or Name)	<u>Barrick Resources (USA), Inc.</u>
(Address)	<u>P. O. Box 838</u>
	<u>Tooele, Utah 84074</u>
(Phone)	<u>(801) 268-4447</u>

"OPERATOR'S REGISTERED AGENT":

(Name)

(Address)

F. D. Wicks

Vice President and General Manager

P. O. Box 838

Tooele, Utah 84074

(Phone)

(801) 268-4447

"OPERATOR'S OFFICER(S)":

M. S. Staheli - Comptroller

C. L. Landa - General Superintendent

"SURETY":

(Form of Surety - Exhibit B)

Self

"SURETY COMPANY":

(Name, Policy or Acct. No.)

N/A

"SURETY AMOUNT":

(Escalated Dollars)

\$8,808,891

"ESCALATION YEAR":

1999

"STATE":

State of Utah

"DIVISION":

Division of Oil, Gas and Mining

"BOARD":

Board of Oil, Gas and Mining

EXHIBITS:

A "DISTURBED AREA":

B "SURETY":

Revision Dates:

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between Operator and the Board.

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M/045/017 which has been approved by the Division under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim the Disturbed Area in accordance with Operator's approved Reclamation Plan and Operator is obligated to provide surety in form and amount approved by the Board, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Board and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the Notice of Intention, and the Reclamation Plan.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Board, which surety is in the form of the surety attached hereto as Exhibit B and made a part hereof. The surety shall remain in full force and effect according to its terms unless modified by the Board in writing. If the surety contract expressly provides for cancellation, then, not less than 30 days, prior to the expiration date of the surety, the Operator shall provide a replacement surety in a form and amount acceptable to the Board. If the Operator fails to so provide an acceptable replacement surety, the Division may order the Operator to cease further mining activities and to begin reclamation of the site. In addition, if the Operator fails to so provide an acceptable replacement surety, the Division may call or draw upon the full amount of existing surety prior to cancellation or expiration.
3. Operator agrees to pay public liability and property damage claims resulting from mining as determined by the Board or the Division, to the extent provided in the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, and the Reclamation Plan.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention and the Reclamation Plan.
6. Operator agrees to indemnify and hold harmless the State, Board and Division from any claim, demand, liability, cost charge, suit, or obligation of whatsoever nature arising from the failure to Operator or Operator's agents, and employees, or contractor to comply with this Contract.
7. Operator may, at any time, submit a request to the Board to substitute surety. The Board, in its sole judgment and discretion, may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.

8. This Contract shall be governed and construed in accordance with the laws of the State.
9. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including attorneys fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
10. Any breach of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Division, or Board, as appropriate, may revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety, or take such other action as is authorized by law.
11. In the event of forfeiture of the Surety, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
12. This Contract represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
13. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

SO AGREED this 16th day of August 19 90.

APPROVED AS TO FORM AND AMOUNT OF SURETY:

BY 
Chairman, Board of Oil, Gas and Mining

DIVISION OF OIL, GAS AND MINING:

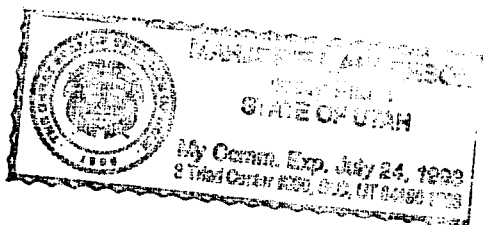
By Dianne R. Nielson
Director

8/14/90
Date

DIANNE R. NIELSON
DIRECTOR
Signature

STATE OF Utah)
COUNTY OF Salt Lake) ss:

On the 14th day of August, 19 90, personally appeared before me, who being duly sworn did say that he/she, the said Dianne R. Nielson is the Director of the Division of Oil, Gas and Mining, Department of Natural Resources, State of Utah, and he/she duly acknowledge to me that he/she executed the foregoing document by authority of law on behalf of the State of Utah.



Marjorie L. Anderson
Notary Public
Residing at: SLC Utah

My Commission Expires: _____

OPERATOR:

Operator Name: Barrick Resources (USA), Inc.

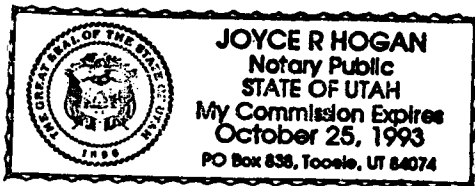
By Frank D. Wicks
Corporate Officer - Position

7-23-90
Date

Frank D. Wicks
Vice-President and General Manager

STATE OF Utah)
COUNTY OF Tooele) SS:

On the 23rd day of July, 19 90, personally
appeared before me Frank D. Wicks who being
by me duly sworn did say that he/she, the said Frank D. Wicks
is the Vice-President & General Manager of Barrick Resources (USA), Inc.
and duly acknowledged that said instrument was signed on behalf of said company by
authority of its bylaws or a resolution of its board of directors and said
Frank D. Wicks duly acknowledged to me that said
company executed the same.



Joyce R. Hogan
Notary Public
Residing at: Stockton, Utah 84071

10-25-93
My Commission Expires:

OPERATOR:

Operator Name: American Barrick Resources Corporation (parent)

By Gregory C. Wilkins
Gregory C. Wilkins
Executive Vice President and
Chief Financial Officer

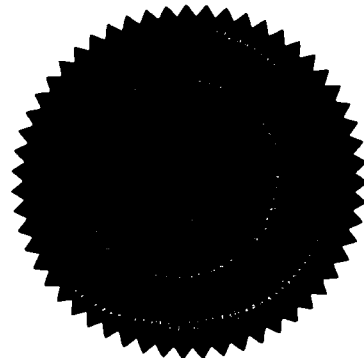
July 11, 1990
Date

PROVINCE
STATE OF ONTARIO)
MUNICIPALITY) ss:
COUNTY OF METROPOLITAN TORONTO

On the 11th day of July, 19 90, personally
appeared before me GREGORY C. WILKINS who being
by me duly sworn did say that he/she, the said GREGORY C. WILKINS
is the Executive Vice-President and of American Barrick Resources Corporation
Chief Financial Officer
and duly acknowledged that said instrument was signed on behalf of said company by
authority of its bylaws or a resolution of its board of directors and said
GREGORY C. WILKINS duly acknowledged to me that said
company executed the same.

Rahul Sini
Notary Public
Residing at: TORONTO

My Commission Expires:



(November 1989)

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
3 Triad Center, Suite 350
355 West North Temple
Salt Lake City, Utah 84180-1203
(801) 538-5340

SELF BONDING AND INDEMNITY AGREEMENT

This Self Bonding and Indemnity Agreement ("Agreement") is entered into by and between Barrick Resources (USA), Inc. ("Operator") and the State of Utah, Department of Natural Resources, Board of Oil, Gas and Mining ("Board"). The Board and the Operator find that:

WHEREAS, pursuant to the Mined Land Reclamation Act, §40-8-1 et seq., Utah Code Annotated (1953, as amended) ("Act") and applicable rules, the Operator has obtained Permit No. M/045/017 from the Division of Oil, Gas and Mining ("Division") to operate the Mercur Mine, a Gold mine, in Tooele/Utah County, Utah, which location is more specifically described in Exhibit A; and,

WHEREAS, the Board and the Operator agree that, upon permanent cessation of operations, complete reclamation of the Mercur Mine pursuant to Permit No. M/045/017, including revisions and amendments (collectively "Permit"), the Act, and applicable rules is essential to protect the land from future harm due to prolonged deterioration; and,

WHEREAS, the Operator has requested that the Board accept a written contractual agreement as the form of reclamation surety required by the Act; and,

WHEREAS, the Operator has designated F. D. Wicks, Vice-President and Gen. Manager, Barrick Resources (USA), Inc., P.O. Box 838, Tooele, UT 84074

(Name, Title, Address)

as its agent for service of process in the State of Utah; and,

WHEREAS, the Operator has been in continuous operation as a business entity for the last five years; and,

WHEREAS, as is indicated on the attached financial sheet, the Operator meets the financial criteria for a written contractual agreement; and,

WHEREAS, the Operator has submitted to the Division and Board financial statements which are accompanied by an audit opinion prepared by Coopers & Lybrand which indicated compliance with the financial criteria.

NOW, THEREFORE, in return for permission to mine pursuant to the Act, the applicable rules and the Permit, in addition to other consideration, the sufficiency and receipt of which is hereby acknowledged, the Operator agrees to be held and bonds to the Board for the sum of \$ 8,808,891 for the timely performance of reclamation responsibilities for the Mercur Mine, Permit No. M/045/017 in United States currency. By the submission of this Agreement, the Operator will and truly binds itself, its successors and assigns, jointly and severally, by these presents.

The conditions of the above obligations are such that:

1. The Operator shall perform all duties and fulfill all requirements applicable to reclamation of the Mercur Mine as set forth in the Act, the applicable rules, and the terms of the Permit.

2. The liability under this Agreement is conditioned upon successful reclamation of the permit area as provided in the reclamation plan for the Permit for the period of time and in the manner specified in the Act, the applicable rules, and the terms of the Permit. The liability or responsibility of the Operator hereunder is \$ 8,808,891, provided that the Board may adjust the amount of liability hereunder as provided in Section 5 hereof.

3. Barrick Resources (USA), Inc. (operator) hereby agrees to indemnify and hold the Board and Division harmless from any claim, demand, liability, costs, charge, or suit brought by a third party as a result of the Operator's failure to abide by the terms and conditions of the Reclamation Plan as set forth in the Permit and from any failure to comply with the terms of this Agreement.

4. Upon successful completion of part or all of the obligations secured hereby, the Operator may petition the Board for a final release of part or all of the obligations under this Agreement. Upon such petition, the Division shall conduct an inspection to ascertain whether duties and obligations of the Operator under the Act, the applicable rules, and the Permit have been fulfilled. If it is determined that such duties and obligations have been fulfilled, the Board shall release the Operator from part or all of its obligations under this Agreement and shall file a notice of such release in the property records of Tooele & Utah County^{ies}, Utah.

5. Periodically or at the request of the Operator, this Agreement shall be reviewed by the Division and the amount of liability adjusted if the Division determines that the cost of future reclamation has materially changed.

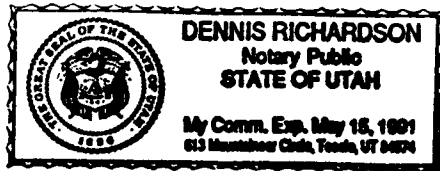
6. The Operator may terminate this Agreement by providing written notice to the Board no less than 120 days prior to the date of termination. The Operator must provide an alternate reclamation surety in the form and amount satisfactory to the Board prior to 30 days before the stated date of termination.

7. The Board may terminate this Agreement by providing written notice to the Operator no less than 120 days prior to the date of termination unless the Board determines that the Operator no longer meets the financial criteria for a written contractual agreement whereupon the Board may shorten the above-stated notice period for termination of this Agreement. The Operator must provide an alternate reclamation surety in the form and amount satisfactory to the Board prior to 30 days before the stated date of termination.

8. If the Operator fails, within the time periods set out in paragraphs six and seven of this Agreement, to provide an alternative reclamation surety satisfactory to the Board, the Division or Board may pursue any available remedies, including, but not limited to, the direction to cease all operations at the Mercur Mine and the direction to initiate and complete all reclamation operations at the Mercur Mine.

9. This Agreement will be governed and interpreted according to Utah law.

On the 15 day of March, 1990 personally appeared before me F. D. Wicks and M. S. Staheli who being by me duly sworn did say that he, the said F. D. Wicks is the Vice-President & General Manager of Barrick Resources (USA), Inc. and said M. S. Staheli is the Administrative Superintendent of Barrick Resources (USA), Inc. and said instrument was signed in behalf of said corporation by authority of its bylaws or a resolution of its board of directors and said F. D. Wicks and M. S. Staheli duly acknowledged to me that said corporation executed the same.



Dennis Richardson 3/15/90
Notary Public
Residing at: Tooele, Utah

My Commission Expires:

May 15, 1991

MN84/1-5

10. In addition to any other liability described above, the Operator shall pay reasonable attorney fees and costs incurred by the Board if the Board is successful in any action or suit regarding this agreement.


SO AGREED this 16th day of August, 198⁹⁰~~9~~.

Barrick Resources (USA), Inc.

Operator/Company Name

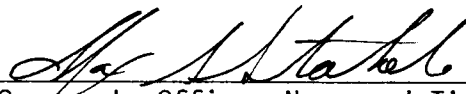
March 15, 1990

Date



Corporate Officer Name and Title
F. D. Wicks, V.P. & General Manager

March 15, 1990

Date


Corporate Officer Name and Title
M. S. Staheli, Administrative Superintendent

8/16/90
Date


GREGORY P. WILLIAMS, Chairman
Board of Oil, Gas and Mining

APPROVED AS TO FORM:


Thomas A. Mitchell
Assistant Attorney General

STATE OF _____)

COUNTY OF _____)

ss:

SO AGREED this 16th day of August, 1990.

-5-

On the 11th day of July, 1989⁹⁰, personally appeared before me GREGORY C. WILKINS and _____ who being by me duly sworn did say that he, the said GREGORY C. WILKINS is the Executive Vice-President and Chief Financial Officer of American Barrick Resources ^{Corporation} and said GREGORY C. WILKINS is the _____ of _____ and said instrument was signed in behalf of said corporation by authority of its bylaws or a resolution of its board of directors and said GREGORY C. WILKINS and _____ duly acknowledged to me that said corporation executed the same.

Rahul Sini
Notary Public
Residing at: TORONTO

My ~~Commission Expires~~:

MN84/1-5

